

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0085

Sales Tax

Calendar Years 1998 AND 1999

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ISSUE(S)

I. Gross Retail Tax – Uncollected Sales Tax

Authority: IC 6-2.5-2-1

Taxpayer protests the inclusion of sales tax not collected.

STATEMENT OF FACTS

Taxpayer has two business locations, one in Indiana and one in Kentucky. Revenue is derived from the retail sale of telephone, pagers and accessories, airtime fees and repair fees. Upon audit, it was determined that the taxpayer failed to remit sales tax on airtime fees billed to Indiana customers.

In June of 1999, the taxpayer realized it must charge sales tax to airtime and began remitting the tax.

I. Gross Retail Tax – Uncollected Sales Tax

DISCUSSION

Taxpayer states its sales are to Kentucky and Indiana and requests the department tax fifty percent of its airtime sales.

Taxpayer's representative provided faxed copies of Kentucky and Indiana returns. In reviewing

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the returns, the hearing officer determined that apportioned income to Indiana amounted to \$110,000 in 1998 and \$90,000 in 1999. The audit adjustments showed \$111,850.26 in 1998 and \$89,518.09 in 1999. Sales in Kentucky were considerably larger.

The auditor correctly taxed Indiana sales according to taxpayer's own records.

FINDING

Taxpayer's protest is denied.

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